CITY OF GLENNVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2013

CITY OF GLENNVILLE, GEORGIA

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Independent Auditors' Report

To the City Council
City of Glennville
Glennville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glennville, Georgia (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City , as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
The City has not presented management's discussion and analysis that the Governmental Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of projects paid with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of projects paid with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of schedule of projects paid with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Holland, Henry & Bromley, LLP
Savannah, Georgia
January 30, 2014

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			
	Governmental Type Activities	Business-type Activites	Total	Component Units
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,382,788	$ 1,667,689	$ 3,050,477	$ 116,138
Receivables:				
Taxes	149,115		149,115	
Accounts		129,407	129,407	
Intergovernmental	26,712		26,712	
Grant	141,943		141,943	
Other	28,450	7,876	36,326	
Internal balances	(347)	347	-	
Prepaid insurance	5,666	290,262	295,928	
RESTRICTED ASSETS				
Cash and cash equivalents		700,546	700,546	
NONCURRENT ASSETS				
Original Issue Discount		80,058	80,058	
CAPITAL ASSETS				
Nondepreciable capital assets	1,118,901	622,310	1,741,211	849,292
Depreciable capital assets, net	2,284,855	7,922,344	10,207,199	
Total assets	$ 5,138,083	$ 11,420,839	$ 16,558,922	$ 965,430
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	113,281	31,617	144,898	
Accrued payroll and payroll taxes	13,049	1,649	14,698	
Accrued interest payable		93,872	93,872	
Compensated absences payable	8,213	1,634	9,847	
Capital leases payable	43,466	12,757	56,223	
Notes payable	12,399	3,196	15,595	
Line of credit	115,294		115,294	
Revenue bonds payable		195,000	195,000	
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Customer deposits		99,478	99,478	
LONG-TERM LIABILITIES				
Compensated absences payable (net of current portion)	32,853	6,538	39,391	
Capital leases payable (net of current portion)	64,068		64,068	
Notes payable (net of current portion)	21,901	6,776	28,677	
Revenue bonds payable (net of current portion)		7,280,000	7,280,000	
Total liabilities	424,524	7,732,517	8,157,041	-
NET POSITION				
Invested in capital assets, net of related debt	3,146,628	1,046,925	4,193,553	849,292
Restricted for:				
Debt service		598,567	598,567	
Special Sales Tax	245,909		245,909	
Drug Seizure	5,020		5,020	
Grant	129,036		129,036	
Hotel Motel	5,114		5,114	
Unrestricted	1,181,852	2,042,830	3,224,682	116,138
Total net position	$ 4,713,559	$ 3,688,322	$ 8,401,881	$ 965,430

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenue: Fees, Fines, & Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental Activities								
General government	$ 434,503	$ 91,834		$ 267,001	$ (75,668)		$ (75,668)	
Municipal court	52,545				(52,545)		(52,545)	
Public safety	1,021,522	201,873		25,000	(794,649)		(794,649)	
Streets and sanitation	805,125	359,609		686,504	240,988		240,988	
Culture/Recreation	285,968	51,958		70,304	(163,706)		(163,706)	
Economic development/Tourism	40,177				(40,177)		(40,177)	
Interest	5,761	614			(5,147)		(5,147)	
Total governmental activities	2,645,601	705,888	-	1,048,809	(890,904)		(890,904)	
Business-type activities								
Water and sewer	1,803,675	1,392,249	$ -	40,600		$ (370,826)	(370,826)	
Total primary government	$ 4,449,276	$ 2,098,137	$ -	$ 1,089,409	$ (890,904)	$ (370,826)	$ (1,261,730)	$ -
Component Units								
Downtown Development Authority and Development Authority	$ 14,701	$ 5,980						$ (8,721)
Total component units	$ 14,701	$ 5,980						$ (8,721)
General revenues:								
Property taxes, levied for general purposes					$ 677,928		$ 677,928	
Intergovernmental revenue					375,298		375,298	
Franchise taxes					226,328		226,328	
Insurance premium tax					257,719		257,719	
Other taxes					119,164		119,164	
Gain on sale of assets					11,430		11,430	$ 15,537
Interest earned					27,130	$ 16,118	43,248	155
Payments from City								20,000
Miscellaneous					36,360		36,360	631
Transfers					-	-	-	-
Total General Revenue					1,731,357	16,118	1,747,475	36,323
Change in Net Position					840,453	(354,708)	485,745	27,602
Net Position - beginning of year					3,873,106	4,043,030	7,916,136	937,828
Net Position - ending of year					$ 4,713,559	$ 3,688,322	$ 8,401,881	$ 965,430

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Special Sales Tax	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 1,069,496	$ 288,820	$ 37	$ 24,435	$ 1,382,788
Receivables					
Taxes	84,472	63,261		1,382	149,115
Intergovernmental	16,169		141,943	10,543	168,655
Fines, net allowance	28,347				28,347
Other	103				103
Due from other funds	21,156		78,855		100,011
Prepaid assets	5,666	-	-	-	5,666
TOTAL ASSETS	$ 1,225,409	$ 352,081	$ 220,835	$ 36,360	$ 1,834,685
LIABILITIES AND NET ASSETS					
Accounts payable	$ 93,370		$ 11,834	$ 8,077	$ 113,281
Accrued payroll and payroll taxes	11,041			2,008	13,049
Due to other funds	15,189	$ 84,553		616	100,358
Deferred inflow of resources	44,688	21,619	79,965	3,603	149,875
TOTAL LIABILITIES	164,288	106,172	91,799	14,304	376,563
Fund balances:					
Nonspendable	5,666				5,666
Restricted:					
Special Sales Tax		245,909			245,909
Drug Seizure				5,020	5,020
Grant			129,036		129,036
Hotel Motel				5,114	5,114
Unassigned	1,055,455	-	-	11,922	1,067,377
TOTAL FUND BALANCES	1,061,121	245,909	129,036	22,056	1,458,122
TOTAL LIABILITIES AND FUND BALANCES	$ 1,225,409	$ 352,081	$ 220,835	$ 36,360	$ 1,834,685

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Governmental Fund Balances		$ 1,458,122
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	6,098,569	
Less accumulated depreciation	(2,694,813)	3,403,756
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes and fines		149,875
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets.		
Interfund receivables	100,011	
Interfund payables	(100,011)	-
Liabilities, including capital leases, notes payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets.		
Capital leases payable	(107,534)	
Line of credit	(115,294)	
Notes payable	(34,300)	
Compensated absences	(41,066)	(298,194)
Net Assets of Governmental Activities in the Statement of Net Position		$ 4,713,559

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Sales Tax	Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 1,657,152			$ 60,263	$ 1,717,415
Licenses and permits	79,977				79,977
Charges for services	422,175			51,958	474,133
Fines and forfeitures	111,894			5,992	117,886
Intergovernmental	-	$ 269,830	$ 631,539	25,805	927,174
Other	24,102			12,258	36,360
Interest	27,092	614	-	38	27,744
Total revenues	2,322,392	270,444	631,539	156,314	3,380,689
EXPENDITURES					
Current:					
General government	419,165				419,165
Municipal court	52,545				52,545
Public safety	973,771		25,000	2,790	1,001,561
Streets	357,972		595,203		953,175
Sanitation	356,120				356,120
Economic development/Tourism	21,512			13,983	35,495
Culture/Recreation	45,495			203,445	248,940
Capital Outlay		51,234			51,234
Debt Service:					
Principal		42,504	434,432	27,263	504,199
Interest	-	1,348	-	4,413	5,761
Total Expenditures	2,226,580	95,086	1,054,635	251,894	3,628,195
EXCESS OF REVENUE OVER EXPENDITURES	95,812	175,358	(423,096)	(95,580)	(247,506)
OTHER FINANCING SOURCES (USES)					
Transfers in			177,165	120,220	297,385
Transfers out	(98,820)	(198,565)			(297,385)
Proceeds from other financing source	70,956		374,967		445,923
Proceeds from disposal of capital assets	11,430	-	-	-	11,430
Total other financing sources and uses	(16,434)	(198,565)	552,132	120,220	457,353
NET CHANGE IN FUND BALANCE	79,378	(23,207)	129,036	24,640	209,847
FUND BALANCES, JULY 1, 2012	981,743	269,116	-	(2,584)	1,248,275
FUND BALANCES, JUNE 30, 2013	$ 1,061,121	$ 245,909	$ 129,036	$ 22,056	$ 1,458,122

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds:		$ 209,847
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This depreciation expense in the current period.		
Depreciation expense	(249,612)	
Capital outlay	730,651	481,039
Revenues in the statement of activites that do not provide current financial resources are not reported as revenues in the governmental funds.		
Taxes and fines		
Deferred at 6/30/13	149,875	
Deferred at 6/30/12	(55,940)	93,935
This issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.	58,276	58,276
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability at 6/30/13	(41,066)	
Liability at 6/30/12	38,422	(2,644)
Change in net assets of governmental activities		$ 840,453

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Taxes:				
Property	$ 679,955	$ 735,534	$ 696,567	$ (38,967)
Sales	420,000	375,298	398,103	22,805
Franchise	260,000	226,328	226,328	-
Insurance premiums	170,000	257,720	257,719	(1)
Alcoholic beverages	62,000	64,860	64,859	(1)
Other	9,000	13,576	13,576	-
Licenses and permits	75,000	79,978	79,977	(1)
Intergovernmental		23,845	-	(23,845)
Charges for services	462,185	483,904	422,175	(61,729)
Fines and forfeitures	100,000	57,616	111,894	54,278
Interest	8,250	6,169	27,092	20,923
Other	26,100	33,421	24,102	(9,319)
Total revenues	2,272,490	2,358,249	2,322,392	(35,857)
EXPENDITURES:				
Current:				
General government				
Administrative	414,100	409,820	382,583	27,237
Legislative	41,091	41,091	36,582	4,509
Total general government	455,191	450,911	419,165	31,746
Municipal court	60,235	60,235	52,545	7,690
Public safety:				
Police	874,354	923,089	895,886	27,203
Fire	66,000	80,839	77,885	2,954
Jail	-	-	-	-
Total public safety	940,354	1,003,928	973,771	30,157
Streets and sanitation	685,583	719,003	714,092	4,911
Culture/Recreation:				
Glennville Complex	13,750	13,750	10,542	3,208
Recreation	9,225	11,112	11,185	(73)
Library	24,500	24,500	23,212	1,288
Museum	1,250	1,250	556	694
Total culture/recreation	48,725	50,612	45,495	5,117
Economic development/Tourism	23,340	23,340	21,512	1,828
Debt service:				
Principal				
Interest				
Total debt services	-	-	-	-
Total expenditures	2,213,428	2,308,029	2,226,580	81,449
EXCESS OF REVENUES OVER EXPENSES	59,062	50,220	95,812	45,592
OTHER FINANCING SOURCES (USES):				
Transfers out	(98,820)	(98,820)	(98,820)	-
Transfers in				
Proceeds from other financing source		48,600	70,956	22,356
Proceeds from disposal of capital assets	-	-	11,430	11,430
Total other financing uses	(98,820)	(50,220)	(16,434)	33,786
NET CHANGE IN FUND BALANCE	(39,758)	-	79,378	79,378
FUND BALANCE JULY 1, 2012	346,549	371,171	981,743	610,572
FUND BALANCE JUNE 30, 2013	$ 306,791	$ 371,171	$ 1,061,121	$ 689,950

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Grant	$ 725,000	$ 631,539	$ (93,461)
Other	-	-	-
Total revenues	725,000	631,539	(93,461)
EXPENDITURES			
Capital outlay			
Streets	700,000	595,203	104,797
Public Safety	25,000	25,000	-
Debt sersvice:			
Principal	-	434,432	(434,432)
Total expenditures	725,000	1,054,635	(329,635)
Other Financing Sources			
Proceeds from other financing sources	-	374,967	(374,967)
Transfers in		177,165	(177,165)
NET CHANGE IN FUND BALANCE	-	129,036	(975,228)
FUND BALANCE, JULY 1, 2012	-	-	-
FUND BALANCE, JUNE 30, 2013	$ -	$ 129,036	$ (975,228)

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
WATER AND SEWER FUND
JUNE 30, 2013

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,667,689
Receivables:		
Accounts, net of $3,000 allowance		129,407
Other		7,876
Due from other funds		347
Deferred outflows		290,262
Restricted assets - cash and cash equivalents		700,546
Total Current Assets		2,796,127
Non-current Assets		
Original issue discount		80,058
Capital Assets:		
Land		507,747
Water and sewer system		14,997,403
Construction in progess		114,563
Machinery and equipment		427,855
Less accumulated depreciation		(7,502,914)
Total Capital Assets		8,544,654
Total Assets		11,420,839
LIABILITIES		
Current Liabilities		
Accounts payable		31,617
Accrued interest payable		93,872
Accrued payroll		1,649
Compensated absences payable - Current		1,634
Notes payable - Current		3,196
Capital lease - Current		12,757
Revenue bonds payable - Current		195,000
Current Liabilities Payable from Restricted Assets		
Customer deposits		99,478
Total Current Liabilities		439,203
Long-term Liabilities		
Compensated absences payable (net of current portion)		6,538
Notes payable (net of current portion)		6,776
Capital lease (net of current portion)		-
Revenue bonds payable (net of current portion)		7,280,000
Total Long-term Liabilities		7,293,314
Total Liabilities		7,732,517
NET POSITION		
Net investment in capital assets		1,046,925
Restricted for debt service		598,567
Unrestricted		2,042,830
Total Net Position	$	3,688,322

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

WATER AND SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2013

REVENUES		
Operating revenues:		
Water sales	$	702,249
Sewer sales		640,762
Grant income		40,600
Permits and other fees		46,264
Other income		2,974
Total operating revenues		1,432,849
OPERATING EXPENSES		
Operating expenses:		
Depreciation		513,753
Utilities		229,502
Salaries		196,286
Consultant		86,582
Repairs and maintenance		123,736
Supplies		82,592
Lab fees		27,554
Gasoline, oil, etc.		18,862
Group insurance		17,549
Insurance		15,457
Payroll taxes		14,634
Retirement		10,613
Miscellaneous		7,881
Postage		7,736
Telephone		3,685
Travel		1,987
Uniforms		2,267
Total operating expenses		1,360,676
OPERATING INCOME		72,173
NON-OPERATING REVENUES (EXPENSES)		
Interest income		16,118
Interest expense		(242,407)
Debt issuance cost		(200,592)
Intergovernmental revenue		-
Total non-operating revenue (expenses)		(426,881)
Transfers In		-
CHANGE IN NET POSITION		(354,708)
TOTAL NET POSITION, JULY 1, 2012		4,043,030
TOTAL NET POSITION, JUNE 30, 2013	$	3,688,322

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF CASH FLOWS
WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customer	$ 1,432,849
Cash payments for employees	(228,469)
Cash payments for goods and services	(756,411)
Net cash provided by operating activities	447,969
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Increase in due from general fund	(347)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of property and equipment	(183,179)
Net borrowing and principal payments on revenue bonds payable	531,940
Principal payments on capital lease payable	(21,912)
Principal payments on notes payable	(278,814)
Orginal issue discount	(80,058)
Operating subsidies and transfers	-
Intergovernmental revenue	-
Debt issuance cost	(200,592)
Interest payments	(242,407)
Net cash used by capital and related financing activities	(475,022)
CASH FLOWS FROM INVESTMENT ACTIVITIES:	
Interest received	16,118
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,282)
CASH AND CASH EQUIVALENTS, JULY 1, 2012	2,379,517
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	$ 2,368,235
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 72,173
Adjustment:	
Depreciation	513,753
Decrease (Increase) in operating assets	
Accounts receivable	28,384
Deferred outflows	(289,129)
Increase in operating liabilities	
Accounts payable	114,292
Accrued payroll	15
Compensated absences payable	680
Customer deposits	7,801
Net cash provided by operating activities	$ 447,969

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2013

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
ASSETS			
Cash	$ 76,912	$ 39,226	$ 116,138
Non-depreciable capital assets	86,894	762,398	849,292
TOTAL ASSETS	163,806	801,624	965,430
LIABILITIES			
Note payable			
TOTAL LIABILITIES	-	-	-
NET POSITION			
Net investment in capital assets	86,894	762,398	849,292
Unrestricted	76,912	39,226	116,138
TOTAL NET POSITION	$ 163,806	$ 801,624	$ 965,430

(The accompanying notes are an integral part of these financial statements.)

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013

	Downtown Development Authority of the City of Glennville	Development Authority of the City of Glennville	Total
OPERATING REVENUES:			
Rent	$ -	$ 5,980	$ 5,980
Total operating revenues	-	5,980	5,980
OPERATING EXPENSES			
Other	2,243	12,458	14,701
Total operating expenses	2,243	12,458	14,701
OPERATING INCOME	(2,243)	(6,478)	(8,721)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	10,000	10,000	20,000
Interest income	114	41	155
Proceeds from disposal of capital assets		15,537	15,537
Other	631	-	631
Total non-operating revenue (expenses)	10,745	25,578	36,323
CHANGE IN NET ASSETS	8,502	19,100	27,602
NET POSITION, JULY 1, 2012	155,304	782,524	937,828
NET POSITION, JUNE 30, 2013	$ 163,806	$ 801,624	$ 965,430

(The accompanying notes are an integral part of these financial statements.)

The City of Glennville (the City) was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways, streets, and sanitation), water and sewer services, community development, community services (library, cemetery, and recreation) and general administrative services.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

1-A. REPORTING ENTITY

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Components units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the City's discretely presented component units follows:

Downtown Development Authority of the City of Glennville and Development Authority of the City of Glennville (the Authorities) - The Authorities are public corporations created to promote industry, trade, and economic growth in the City. The City appoints the members of each authority's board and assists with its funding. Separate financial statements are not prepared by the two authorities.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Related Organizations

The Housing Authority of the City of Glennville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Glennville, Georgia is a related organization and is excluded from the reporting entity.

1-B. BASIS OF PRESENTATION

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements- The government-wide financial statements include the statement of net position and the statements of activities. These statements report financial information for the City as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes, grants, and the City's general revenues from business-type activities, generally financed in whole or part with the service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; and (2) operating grants and contributions which finance annual operating acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restriction to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements- During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual government funds are reported in separate columns.

Funds Accounting- The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds- Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

General Fund- The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

Special Sales Tax Fund- This fund accounts for the special purpose local option sales tax received from Tattnall County to be spent for various capital improvements.

Grant Fund- This fund accounts for the grant funds received from Federal and State agencies to be spent for various capital improvements.

Proprietary Funds- Proprietary fund reporting focuses on the determination of operating income and the changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City's only major enterprise fund is the water and sewer fund which accounts for the water and sewer provided to the City's constituents.

1-C. MEASUREMENT FOCUS

Government-wide Financial Statements- The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements- All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and use (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis in accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenue - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenue - Non exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest, and federal and state grants.

Deferred Inflows of Resources- Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are also recorded as deferred revenue.

Deferred inflows of resources are reported at the fund financial reporting level, but are reclassified as *"unearned revenue"* on the government-wide statement of net position, where applicable.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities, and Net Position

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, where applicable.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost of market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

Restricted Assets- Cash

Restricted cash represents customer utility deposits and amounts set aside to meet the requirements of applicable bond covenants of the water and sewer revenue bonds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of three thousand dollars. The City's infrastructure consists of roads, bridges, and water and sewer lines. For roads and bridges, the City will only capitalize infrastructure constructed after June 30, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, right-of-ways, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	15-40 years
Improvements other than building	10-15 years
Machinery and equipment	5-10 years
Water and sewer system	15-30 years
Infrastructure	15-25 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Compensated Absences

Vacation and sick pay benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Bond Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net positions."

Fund Balance- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. The City has $4,468 related to prepaid amounts in nonspendable form.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

Assigned – Amounts that are designated by the Mayor for the particular purpose but are not spendable until a budget ordinance is passes or there is a majority vote approval for capital projects by the City Council.

Unassigned – All amounts not included in other spendable classifications.

Net Position- Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net positions are reported as unrestricted.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the water and sewer services and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfer between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds are reported in the governmental activities column.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City adopts an annual operating budget for the general fund, each special revenue fund, and the capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

All unexpected annual appropriations lapse at year-end.

Excess of Expenditures over Appropriations

For the year ended June 30, 2013, total expenditures exceed appropriations for Recreation within the general fund by $73, principal debt payments within the grant fund by $434,432 and principal debt service within the Recreation Commission fund by $12,212 and interest within the Recreation Commission fund by $4,413.

NOTE 3- DEPOSITS

At June 30, 2013, the carrying amount of the City's deposits (checking and certificates of deposit) was $3,751,023 and the bank balance was $3,837,390. Of the bank balance, $250,000 was covered by federal depository insurance and $4,333,887 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The City does not have a deposit policy for custodial credit risk. As of June 30, 2013, the City's bank balance was not exposed to custodial credit risk as no balance was uninsured and uncollateralized.

At June 30, 2013, the carrying amount of the City's components units was $117,785. Bank balances of the City's component units totaled $117,785 at June 30, 2013 and were entirely insured.

NOTE 4- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of each year. Property taxes are billed on or about October 15th of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2013, property taxes were levied on September 4, 2012 and were due December 15, 2012.

NOTE 5- RECEIVABLES

Receivables at June 30, 2013 consisted of taxes, interest, accounts (billing for user charges), grants and intergovernmental receivables.

Receivable and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentations, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. The allowance for uncollectible accounts netted against accounts receivable at June 30, 2013 for the water and sewer fund totaled $3,000.

NOTE 6- INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
Grant	Special Sales Tax	$78,855
Fines and Forfeitures	General	14,842
General	Special Sales Tax	5,698
General	Recreation Commission	419
General	Hotel/Motel	197
Water	General	347
Water	Water Deposit	61

Interfund balances at June 30, 2013 represent charges for services, reimbursable expenses, and temporary loans. The City expects to repay all interfund balances within one year.

Interfund transfers for the year ended June 30, 2013 included $98,820 transferred from the general fund to the Glennville Recreation Commission special revenue fund to help fund the operating expenditures of the recreation department.

NOTE 7- CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 07/01/12	Increase	Decrease	Balance 06/30/13
Governmental activities				
Capital assets not being depreciated:				
Land	$ 129,680			$ 129,680
Construction in progress	406,915	$ 582,306		989,221
Total capital assets not being depreciated	536,595	582,306	-	1,118,901
Capital assets being depreciated				
Building	1,260,190	-		1,260,190
Improvements other than building	586,537	10,323		596,860
Machinery and equipment	1,413,300	87,925		1,501,225
Infrastructure	1,571,296	50,097	-	1,621,393
Total capital assets being depreciated	4,831,323	148,345	-	4,979,668
Total capital assets	5,367,918	730,651	-	6,098,569
Accumulated depreciation				
Building	628,273	29,743		658,016
Improvement other than buildings	370,732	25,060		395,792
Machinery and equipment	1,103,090	79,723		1,182,813
Infrastructure	343,106	115,086		458,192
Total accumulated depreciation	2,445,201	249,612	-	2,694,813
Governmental activities capital assets, net	$ 2,922,717	$ 481,039	$ -	$ 3,403,756
Governmental activities depreciation expense:				
General government		$ 12,841		
Public		98,486		
Streets		87,175		
Culture/Recreation		46,428		
Economic development/Tourism		4,682		
		$ 249,612		

NOTE 7- CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise fund:

	Balance 07/01/12	Increase	Decrease	Balance 06/30/13
Business-type activities:				
Capital assets not being depreciated				
Land	$ 507,747			$ 507,747
Construction in progess	-	$ 114,563	-	114,563
Total capital assets not being depreciated	507,747	114,563	-	622,310
Captial assets being depreciated:				
Water and sewer system	14,937,905	59,497		14,997,402
Machinery and equipment	418,736	9,119	-	427,855
Total capital assets being depreciated	15,356,641	68,616	-	15,425,257
Total capital assets	15,864,388	183,179	-	16,047,567
Accumulated depreciation:				
Water and sewer system	6,704,977	479,288		7,184,265
Machinery and equipment	284,183	34,465	-	318,648
Total accumulated depreciation	6,989,160	513,753	-	7,502,913
Business-type activities capital assets, net	$ 8,875,228	$ (330,574)	$ -	$ 8,544,654

Discretely Presented Component Units

Capital assets activity for the Downtown Development Authority of the City of Glennville was as follows:

	Balance 07/01/12	Increase	Decrease	Balance 06/30/13
Land	$ 86,894	$ -	$ -	$ 86,894

Capital assets activity for the Development Authority of the City of Glennville was as follows:

	Balance 07/01/12	Increase	Decrease	Balance 06/30/13
Land	$ 771,861	$ -	$ (9,463)	$ 762,398

NOTE 8- WATER AND SEWER REVENUE BONDS

In October, 2001, the City of Glennville issued a $3,933,700 City of Glennville Water and Sewer Revenue Bond, Series 2000A, a $3,579,406 City of Glennville Water and Sewer Revenue Bond, Series 2000B, and a $531,600 City of Glennville Water and Sewer Revenue Bond, Series 2000C. The bonds were issued in order to provide funds needed to pay the cost, in part, of acquiring, constructing, and equipping improvements, additions to, and extensions of the water and sewer system of the City. In October 2012, the City of Glennville consolidated these bonds and a note payable into a $7,475,000 Series 2012 Bond. $200,592 of bond issuance cost were expensed during the current year. For this bond, there is an original issue discount of $80,058 which will be amortized over the life of the bond.

This bond is payable solely from the revenues derived from the ownership and operation of the water and sewer system.

The bonds require the monthly deposit of funds equivalent to ten percent of the monthly installment of principal and interest on the bonds into a bond reserve account.

An interest only payment is due January 1 and a principal and interest payment is due July 1 of each year with the final payment July 1, 2034. Interest rates vary by year from 1.5% t0 3.375%

As of June 30, 2013, debt service requirements for the Series 2012 revenue bond is follows:
Series 2012

Year Ending June 30	Principal	Interest	Total
2014	$ 195,000	$ 185,384	$ 380,384
2015	285,000	180,584	465,584
2016	290,000	174,834	464,834
2017	300,000	168,934	468,934
2018	305,000	162,884	467,884
2019-2023	1,605,000	725,998	2,330,998
2024-2028	1,765,000	532,302	2,297,302
2029-2033	1,905,000	282,924	2,187,924
2034-2038	825,000	27,758	852,758
	$ 7,475,000	$ 2,441,602	$ 9,916,602

NOTE 9- NOTE PAYABLE

Governmental Activities

Note payable to the Glennville Bank and Trust Company for $50,000, payable in monthly installments of $1,140, including interest at 4.46%, with a final payment of all unpaid principal and interest due on January 10, 2016, unsecured, to be used for recreation improvements.	$34,300

The City as of June 30, 2013 had a $250,000 line of credit outstanding with S Bank with a balance totaling $115,294.

Business-type Activities

Notes payable outstanding at June 30, 2013, consists of a loan from the U.S Department of Agriculture (USDA). The loan from the USDA in the amount of $16,000 was in conjunction with a grant for $45,000 received from the USDA for the purchase of an emergency generator. The loan was signed on March 10, 2011 and requires annual payments of $3,595, including interest of 4.0% beginning March 10, 2012 and through March 10, 2016. This loan has an outstanding balance of $9,972 at June 30, 2013. The note payable to the Georgia Environmental Facilities Authority (GEFA) was paid off in full during the year with proceeds from the Series 2012 bond.

As of June 30, 2013, annual debt service requirements for the notes payable are as follows:

Year ending	Governmental Activities		Business type Activities	
June 30	Principal	Interest	Principal	Interest
2014	$ 12,399	$ 1,276	$ 3,196	$ 399
2015	12,964	712	3,324	271
2016	8,937	148	3,452	143
2017	-	-	-	-
	$ 34,300	$ 2,136	$ 9,972	$ 813

NOTE 10- Capital Leases

Governmental Activities

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment leased under capital leases as of June 30, 2013 consisted of the following:

	Cost
Police Vehicles	$ 48,600
Recreation Department Lighting	83,500
Street Sweeper	22,356
Fire Truck	173,632
	$ 328,088

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2013:

Year ending June 30	
2014	$ 63,227
2015	36,428
2016	10,727
2017	10,727
Thereafter	10,722
Total minimum lease payments	131,831
Less amount representing interest	24,297
Present value of future minimum lease payments	$ 107,534

Business type Activities

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The equipment leased under capital leases as of June 30, 2013 consisted of the following:

	Cost
Backhoe	$ 54,000
Vehicle	16,204
	$ 70,204

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2013:

Year ending June 30	
2014	$ 12,974
Thereafter	-
Total minimum lease payments	12,974
Less amount representing interest	217
Present value of future minimum lease payments	$ 12,757

NOTE 11- CHANGES IN LONG-TERM DEBT

The capital lease obligations and notes payable will be paid from the special sales tax capital projects fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, most were paid from the General Fund and Water Sewer Fund. Principal and interest payments related to the revenue bonds and notes payable for the business-type activities will be paid from income derived from the operation of the water and sewer system.

Governmental Activities	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due in One Year
Compensated absences payable	$ 38,422	$ 3,259	$ 615	$ 41,066	$ 8,213
Notes payable	46,111		11,811	34,300	12,399
Line of credit	174,759	374,967	434,432	115,294	115,294
Capital leases payable	94,534	70,956	57,956	107,534	43,466
Total Governmental Activities	$ 353,826	$ 449,182	$ 504,814	$ 298,194	$ 179,372
Business-Type Activities					
Compensated absences payable	$ 7,492	$ 680		$ 8,172	$ 1,634
Revenue bonds payable	6,943,060	7,475,000	$ 6,943,060	7,475,000	195,000
Capital leases payable	34,669		21,912	12,757	12,757
Notes payable	288,786	-	278,814	9,972	3,196
Total Business-Type Activities	$ 7,274,007	$ 7,475,680	$ 7,243,786	$ 7,505,901	$ 212,587
Original issue discount	$ -	$ 80,058	$ -	$ 80,058	$ 3,639

NOTE 12- EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Glennville Retirement Plan (the Plan), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (the System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta Georgia 30303, or by calling (404) 688-0472.

Funding Policy

Employees are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate. The minimum annual contribution requirements of the City are established by Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

NOTE 12- EMPLOYEE RETIREMENT PLAN (Continued)

Annual Pension Cost and Net Pension Obligation

For 2013, the City's annual pension cost of $74,291 for the Plan was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2013 actuarial valuation using the project unit accrued actuarial cost method.

Economic Assumptions

Interest rate	7.75%
Inflation rate	3.5%
Annual rates of increase in:	
Salaries	.5% - 2.5%
Future Social Security Wage Bases	3.5%
Cost of living adjustment	N/A

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The period and related method, for amortizing the initial unfunded actuarial accrued liability is thirty years from 1982 and current changes in the unfunded actuarial accrued liability over fifteen years for actuarial gains and losses, twenty years of plan provisions, and thirty years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension (APC)	Percentage of APC Pension Contributed	Net Obligation
June 30, 2013	$ 74,291	100%	-
June 30, 2012	$ 70,307	100%	-
June 30, 2011	$ 82,618	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Funding (AAL)	Unfunded AAL Funded Excess	Covered Ratio	Covered Payroll	Funding Excess as a % of Payroll
June 30, 2013	$ 1,663,762	$ 1,757,154	$ 93,392	94.7%	$ 841,081	-11.1%
June 30, 2012	$ 1,610,514	$ 1,692,854	$ 82,340	95.1%	$ 800,650	-10.3%
June 30, 2011	$ 1,613,917	$ 1,727,682	$ 113,765	93.4%	$ 937,473	-12.1%
June 30, 2010	$ 1,551,830	$ 1,635,459	$ 83,629	94.9%	$ 934,440	-8.9%

NOTE 13- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

The City has joined with other municipalities in the State as part of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The effective date of membership was March 24, 1986.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of a claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

NOTE 14- CONTINGENT LIABILITIES

There were no known contingent liabilities at June 30, 2013. As of June 30, 2013, there was no pending litigation that would have a material effect on the financial statements.

NOTE 15- JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen City East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (HOGARC) and is required to pay annual dues thereto. Membership in HOGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the HOGARC in Georgia. The HOGARC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of HOGARC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Development Center
5405 Oak Street
Eastman, Georgia 31023

CITY OF GLENNVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Glennville Recreation Commission	Drug Seizure Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	$ 15,486	$ 5,020	$ 3,929	$ 24,435
Intergovernmental receivable	10,543			10,543
Receivable			1,382	1,382
Prepaid interest				-
Due from other funds	-	-	-	-
TOTAL ASSETS	$ 26,029	$ 5,020	$ 5,311	$ 36,360
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 8,077			$ 8,077
Accured payroll and payroll taxes	2,008			2,008
Due to other funds	419		$ 197	616
Deferred inflow of resources	3,603	-	-	3,603
Total liabilities	14,107	-	197	14,304
Fund balances:				
Restricted - drug seizure		$ 5,020		5,020
Restricted - hotel motel			5,114	5,114
Unassigned	11,922	-	-	11,922
TOTAL LIABILITIES AND FUND BALANCES	$ 26,029	$ 5,020	$ 5,311	$ 36,360

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BLANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Glennville Recreation Commission	Drug Seizure Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues				
Intergovernmental	$ 25,805			$ 25,805
Special sales tax	44,971			44,971
Charges for services	51,958			51,958
Fines and forfeitures		$ 5,992		5,992
Hotel/Motel tax			$ 15,292	15,292
Interest	1	20	17	38
Other	12,258	-	-	12,258
Total revenues	134,993	6,012	15,309	156,314
Expenditures				
Current:				
Recreation	203,445			203,445
Streets				-
Public safety		2,790		2,790
Economic development/Tourism			13,983	13,983
Capital outlay:				-
Public safety				-
Streets				-
Recreation				-
Urban redevelopment				-
Debt Service:				-
Principal	27,263			27,263
Interest and other charges	4,413	-	-	4,413
Total expenditures	235,121	2,790	13,983	251,894
(Deficiency) excess of revenues over expenditures	(100,128)	3,222	1,326	(95,580)
Other Financing Sources				
Proceeds from other financing source				-
Transfers out				-
Transfers in	120,220		-	120,220
Total other financing sources	120,220	-	-	120,220
Net change in fund balances	20,092	3,222	1,326	24,640
Fund Balances, Beginning of Year	(8,170)	1,798	3,788	(2,584)
Fund Balances, End of Year	$ 11,922	$ 5,020	$ 5,114	$ 22,056

CITY OF GLENNVILLE, GEORGIA

DRUG SEIZURE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 2,000	$ 5,993	$ 5,992	$ 1
Interest	20	20	20	-
Total revenues	2,020	6,013	6,012	1
EXPENDITURES				
Current:				
Public Safety	2,020	6,013	2,790	3,223
Debt service:				
Principal				
Interest	-	-	-	-
Total expenditures	2,020	6,013	2,790	3,223
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total other financing uses	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	3,222	(3,222)
NET CHANGE IN FUND BALANCE	-	-	3,222	(3,222)
FUND BALANCE, JULY 1, 2012	910	910	1,798	(888)
FUND BALANCE, JUNE 30, 2013	$ 910	$ 910	$ 5,020	$ (4,110)

CITY OF GLENNVILLE, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Tax	$ 14,000	$ 15,291	$ 15,292	$ 1
Interest	25	18	17	(1)
Total revenues	14,025	15,309	15,309	-
EXPENDITURES				
Current:				
Economic development/Tourism	14,025	15,309	13,983	1,326
Total expenditures	14,025	15,309	13,983	1,326
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,326	1,326
NET CHANGE IN FUND BALANCE	-	-	1,326	1,326
FUND BALANCE, JULY 1, 2012	-	-	3,788	3,788
FUND BALANCE, JUNE 30, 2013	$ -	$ -	$ 5,114	$ 5,114

CITY OF GLENNVILLE, GEORGIA
GLENNVILLE RECREATION COMMISSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental	72,296	70,776	(1,520)
Charges for services	94,238	51,958	(42,280)
Interest	856	1	(855)
Other	13,187	12,258	(929)
Total Revenues	180,577	134,993	(45,584)
EXPENDITURES			
Current:			
Recreation	259,155	203,445	55,710
Capital outlay:			
Recreation	-		-
Debt sersvice:			
Principal	15,051	27,263	(12,212)
Interest		4,413	(4,413)
Total Expenditures	274,206	235,121	39,085
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(93,629)	(100,128)	(6,499)
OTHER FINANCING SOURCES			
Transfers in	98,820	120,220	21,400
Total other financing sources	98,820	120,220	21,400
NET CHANGE IN FUND BALANCE	5,191	20,092	14,901
FUND BALANCE, JULY 1, 2012	50,685	(8,170)	(58,855)
FUND BALANCE, JUNE 30, 2013	$ 55,876	$ 11,922	$ (43,954)

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2013

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Debt service on equipment purchased under capital leases	$ 76,600	$ 328,178	$ 278,422	$ 43,852	$ 322,274	98.2%
Street paving/improvements	309,650	718,049	709,116	3,858	712,974	99.3%
Vehicle purchases	46,000	210,504	118,858		118,858	56.5%
Water and sewer system improvements	30,000	16,137	16,137		16,137	100.0%
Drainage projects	48,500	167,718	167,718		167,718	100.0%
Economic projects	71,500	47,677	47,677		47,677	100.0%
Glenwanis Hotel renovations		136,685	97,293	21,007	118,300	86.5%
Capital improvements/ equip.-recreation	115,000	157,296	128,796	21,400	150,196	95.5%
Capital improvements/ equip.-public safety	130,000	533,063	526,584		526,584	98.8%
Capital improvements/ water and sewer system	88,657	88,657	165,996		165,996	187.2%
City Hall renovations	102,748	69,227	69,227		69,227	100.0%
Old City Yard improvements	30,000	52,000	51,934		51,934	99.9%
Storage building	3,458	15,580	15,580		15,580	100.0%
Multipurpose building-carpet	2,299	2,299	2,299		2,299	100.0%
Barnard Park improvements	445	14,495	14,495		14,495	100.0%
Animal control building	15,000	15,000	15,000		15,000	100.0%
City Hall equipment	23,000	23,000	22,911		22,911	99.6%
Library equipment	5,428	5,428	950	4,478	5,428	100.0%
Auditorium equipment	4,525	4,525	4,525		4,525	100.0%
Welcome Center Sign and a/c	1,975	3,475	3,475		3,475	100.0%
Multipurpose building- a/c	4,844	4,844	4,844		4,844	100.0%
Land purchase	5,000	5,000	5,000		5,000	100.0%
Police station renovations	73,350	73,350	71,814		71,814	97.9%
Refurbish 1942 fire truck	5,255	5,255	5,255		5,255	100.0%
Street equipment	10,000	10,000	10,000		10,000	100.0%
HHP/TE Streetscape Project	225,000	419,000	174,133	193,358	367,491	87.7%
Equipment for fire department	20,026	73,572	73,572		73,572	100.0%
Auditorium improvements	28,682	42,036	36,338	5,698	42,036	100.0%
City Hall heat pump	2,743	2,743	2,743		2,743	100.0%
Multipurpose builiding improvements	3,834	2,834	2,834		2,834	100.0%
	$ 1,483,519	$ 3,247,627	$ 2,843,526	$ 293,651	$ 3,137,177	

HOLLAND, HENRY & BROMLEY, LLP

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Georgia Society of Certified Public Accountants

South Carolina Association of Certified Public Accountants

Private Companies Practice Section Firms Division of American Institute of Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the City Council
City of Glennville
Glennville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glennville, Georgia (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holland, Henry, & Bromley, LLP
Savannah, Georgia
January 30, 2014